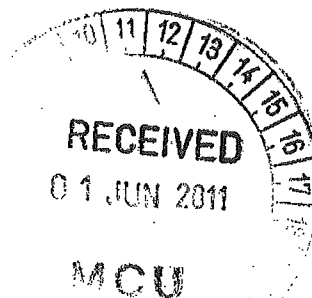




31 May 2011

The Hon Julia Gillard MP
Prime Minister
Parliament House
CANBERRA ACT 2600



Dear Prime Minister

I am pleased to enclose the final report, *The Garnaut Review 2011: Australia in the Global Response to Climate Change*, my update to the 2008 Garnaut Climate Change Review.

You and the Minister for Climate Change and Energy Efficiency asked me to provide an independent update to the 2008 Review for the Australian community by 31 May 2011. In particular, I was asked to examine whether significant changes had occurred which would strengthen or weaken the key findings and recommendations reached in 2008.

This final report is the product of seven months of careful research, analysis, expert studies and consultation, which have examined key developments in the past two and a half years across a range of subject areas—the climate science, global emissions, international progress on climate change mitigation, the land and electricity sectors, innovation and technology, and carbon pricing. An Update Paper on each of these subject areas was released between February and March 2011. A summary of the final report, also enclosed, includes two supplementary notes and is also being released today.

Regrettably, I conclude that developments in science have strengthened the evidence that climate change is a substantial threat to the well-being of Australians living in future. It is in Australia's national interest to encourage and to do our fair share in a global effort to reduce future damage from climate change by reducing greenhouse gas emissions. We are not yet doing our fair share. Carbon pricing along the lines proposed in this final report would allow us to do our fair share while preserving Australian prosperity.

Thank you for the support that your Government has provided in this work. I am grateful for the sustained effort of an excellent secretariat, and for the congenial home provided by the Department of Climate Change and Energy Efficiency.

In my 2008 Review I described climate change as a diabolical policy problem. It is the hardest issue that has come before our leaders in my forty plus years of close involvement in national policy discussion. But the work on the Update and my participation in the work of the Multi-Party Climate Change Committee have given me confidence that this can be the year in which Australia finally makes the decisive move to economically efficient approaches to emissions reduction, and begins to move towards doing its fair share in the global effort. I expect that the legislation and implementation of a sound, market-based approach to mitigation will remove many worries of members of our community about its possible effects on their standards of living.

I wish you all the best in the historic responsibility that you have accepted, to lead the realignment of Australia's climate change policies with our national interest in a strong global mitigation effort.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Garnaut', written in a cursive style.

Ross Garnaut

copy: The Hon Greg Combet AM MP
Minister for Climate Change and Energy Efficiency